

This letter discusses the manufacturing machinery and equipment exemption. See 86 Ill. Adm. Code 130.330. (This is a GIL.)

September 8, 2005

Dear Xxxxx:

This letter is in response to your letter dated May 31, 2005, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.ILTAX.com to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

Our company makes floor-cleaning equipment. This equipment includes motorized sweepers and scrubbers that can be ridden by the operator or manually moved throughout the area to be cleaned. These machines are displayed on our Internet website.

Currently in the state of Illinois we have customers who are food manufacturers or are engaged in food processing. These customers are claiming tax exemption on the products that they purchase from us under the manufacturing purpose exemption. We are not aware that the machines are being utilized in any way other than their intended use suggests. In light of this, we disagree with the claim to exempt the customer from the sales/use tax. Would your office please issue an opinion on whether equipment designed to clean floors fulfills the definition of manufacturing equipment in a food-processing environment under Illinois state law and is eligible for the manufacturing exemption?

DEPARTMENT'S RESPONSE:

The Department is not aware of any situation in which a food manufacturer or food processor would be allowed to claim motorized floor sweepers and scrubbers as being tax exempt under the manufacturing machinery and equipment regulations.

To the best of our knowledge, given the limited information provided, the floor-cleaning equipment sold to food manufacturers and food processors would be subject to sales tax. You may refer customers wishing to claim this exemption to 86 Ill. Adm. Code 130.330 to verify they meet the requirements for this tax exemption. For your convenience I am enclosing a copy of the regulation governing manufacturing machinery and equipment.

I hope this information is helpful. If you require additional information, please visit our website at www.ILTAX.com or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Edwin E. Boggess
Associate Counsel

EEB:msk
Encl.